

Rapides Station Community Ministries, Inc.

Financial Statements

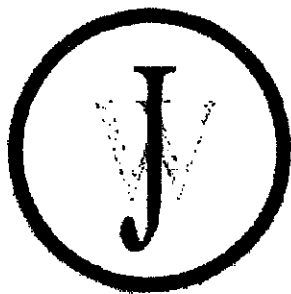
For the Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/1/11

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JONALD J. WALKER III CPA
LLC

MEMBER OF
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rapides Station Community Ministries, Inc.
Alexandria, Louisiana

I have audited the accompanying statement of financial position of Rapides Station Community Ministries, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rapides Station Community Ministries, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 27, 2011, on my consideration of Rapides Station Community Ministries, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report

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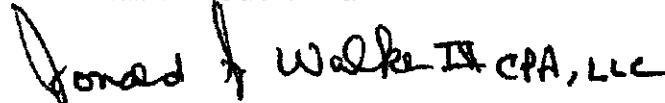
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Board of Directors
Rapides Station Community Ministries, Inc.
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is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Rapides Station Community Ministries, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Jonald J. Walker III CPA, LLC". The signature is written in a cursive, flowing style.

Jonald J. Walker III CPA, LLC
Lake Charles, Louisiana
June 27, 2011

Rapides Station Community Ministries, Inc.
Statement of Financial Position
December 31, 2010

ASSETS

Current Assets:	
Cash and Cash Equivalent	\$ 906,667
Interest Receivable	334
Grants Receivable	270,352
Inventory	<u>269,918</u>
Total Current Assets	1,447,271
Property and Equipment, net:	47,223
Other Assets:	
Investment	25,000
Restricted Inventory	<u>108,780</u>
Total Other Assets	<u>133,780</u>
Total Assets	<u>\$ 1,628,274</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 981
Accrued Payroll Liabilities	21,225
Notes Payable Current	<u>4,620</u>
Total Current Liabilities	26,826
Long-Term Liabilities:	
Notes Payable	<u>316,479</u>
Total Long-Term Liabilities	316,479
Total Liabilities	343,305
Net Assets:	
Unrestricted	300,605
Temporarily Restricted	<u>984,364</u>
Total Net Assets	<u>1,284,969</u>
Total Liabilities and Net Assets	<u>\$ 1,628,274</u>

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.
Statement of Activities
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and Contributions	\$ 25,000	\$ 580.033	\$ 605.033
Other Income	16,343	-	16,343
Investment Income	5,712	-	5,712
Program Support - Rental Activities	9,557	-	9,557
Total Support and Revenue	<u>56,612</u>	<u>580.033</u>	<u>636,645</u>
Net Assets Released from Restrictions	<u>580.033</u>	<u>(580.033)</u>	<u>-</u>
Expenses:			
Program Services	555,323	-	555,323
Management and General	192,713	-	192,713
Total Expenses	<u>748,036</u>	<u>-</u>	<u>748,036</u>
Increase (Decrease) in Net Assets	(111,391)	-	(111,391)
Net Assets at Beginning of Year	<u>411,996</u>	<u>984,364</u>	<u>1,396,360</u>
Net Assets at End of Year	<u>\$ 300,605</u>	<u>\$ 984,364</u>	<u>\$ 1,284,969</u>

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flows from Operating Activities:	
Change in Net Assets	\$ (111,391)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	7,180
Changes in operating assets and liabilities	
Increase in receivable	(256,264)
Increase in inventory	(146,435)
Increase in accounts payable	218
Increase in payroll liabilities	17,870
Net Cash Used in Operating Activities	<u>(488,822)</u>
Cash Flows from Investing Activities:	
Certificate of Deposit	(25,001)
Acquisition of equipment	<u>(29,798)</u>
Net Cash Used in Investing Activities	<u>(54,799)</u>
Cash Flows from Financing Activities:	
Increase in notes payable	<u>321,099</u>
Net Cash Used in Financing Activities	<u>321,099</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(222,522)
Cash and Cash Equivalents at Beginning of Year	<u>1,129,189</u>
Cash and Cash Equivalents at End of Year	<u>\$ 906,667</u>

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2010

	Program Services						Management and Support		
	Rental Activities	21st Century	Southeast LHFA	CLDGO	Gateway LHFA	Rehab LHFA	Total Program Services	Management and General	Total Expenses
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Construction Cost	-	-	-	-	-	-	-	-	-
Cleaning and Janitorial	535	2,460	19,000	-	23,634	-	45,629	5,758	51,387
Contract Labor - General	-	-	-	-	-	-	-	-	-
Contract Labor - Program	-	2,558	1,800	-	2,293	-	6,651	975	7,626
Purchased Professional & Technical Serv's	-	53	818	-	-	-	871	-	871
Purchased Property Services	-	214	-	-	-	-	214	11,344	11,558
Other Purchased Services	-	-	-	-	-	-	-	7,180	7,180
Depreciation	-	10,168	7,446	-	-	273	17,887	2,982	20,869
Office Expense	-	-	-	-	-	-	-	-	-
Cost of Sales	-	-	-	-	-	-	-	-	-
Salaries	2,022	49,662	101,750	29,783	-	-	183,226	73,103	256,329
Payroll Tax Expense	-	4,146	7,768	2,467	-	-	14,381	11,789	26,170
Postage, Shipping & Delivery	-	-	-	-	-	-	-	367	367
Utilities	-	-	-	-	-	-	-	4,068	4,068
Rent	-	-	14,300	17,750	1,200	-	33,250	16,271	49,521
Insurance	-	-	625	-	-	-	625	7,397	8,022
Supplies	-	3,270	1,476	-	73	77	4,897	3,760	8,666
Telephone & Telecommunications	-	3,586	-	-	-	-	3,586	4,203	7,789
Employee Benefits	159	(316)	-	-	-	-	(157)	(1,882)	(2,039)
Dues	-	-	500	-	-	-	599	275	874
Indirect Costs	157	1,913	5,666	-	3,298	260	11,295	43,047	54,342
	\$ 2,873	\$ 77,714	\$ 316,179	\$ 50,000	\$ 41,448	\$ 67,110	\$ 555,323	\$ 192,713	\$ 748,036

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
December 31, 2010

Note 1 – Nature of Activities and Significant Accounting Policies

Organization

Rapides Station Community Ministries, Inc. (Rapides Station) is a not-for-profit organization that provides academic assistance, enrichment, recreation, technology, tutoring, parental involvement and family literacy activities. Its mission also includes a comprehensive approach to education on affordable housing for low and moderate income families and developing property for sale or rent to low and moderate income families.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standard Board in its Statement of Financial Accounting Standards (SFAS) No. 117 Financial Statements of *Not-for-profit Organizations*. Under SFAS No. 117, Rapides Station Community Ministries, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Rapides Station Community Ministries, Inc. and or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Rapides Station Community Ministries, Inc. Generally, the donors of these assets permit Rapides Station Community Ministries, Inc. to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all restricted monies in banks and highly liquid investments with original maturities of less than three months.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
December 31, 2010

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Revenue Recognition

Contributions and grants are recorded when awarded or pledged, except for reimbursements grants which are recorded as expenditures are incurred. All donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Rapides Station Community Ministries, Inc. is a not-for-profit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

Inventory

Inventory consists of lots purchased for sale with homes built on them for low and moderate income families. Inventory is maintained on a cost basis and includes homes in process.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals and betterments that extend the useful life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation and amortization are computed using the straight-line method over the assets useful lives, which range from 3 to 39 years.

Grants Receivable

Grants are recorded at the time of the award, except for reimbursement grants which are recorded as expenditures are incurred. If a grant becomes uncollectible, then it is written off at that time. No allowance is recorded because management believes all grants to be collectable.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
December 31, 2010

Note 2 – Grants Receivable

As of December 31, 2010 grants receivable consisted of the following:

Description	Amount
21 st Century	\$ 8,539
CHDO Operating Expense	5,000
HOME – Homeowner Occupied Rehabilitation	41,739
CDBG -Southeast Louisiana Rebuilding Pilot	<u>125,677</u>
	<u>\$ 180,955</u>

Note 3 – Fixed Assets and Depreciation

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of December 31, 2010:

<u>Description</u>	<u>Life</u>	<u>2010</u>
Land		\$ 4,433
Equipment	5 – 7 years	70,686
Less: Accumulated Depreciation		<u>(27,896)</u>
Net Fixed Assets		<u>\$ 47,223</u>

Depreciation expense for the year ended December 31, 2010 is \$7,140.

Note 5 – Restricted Net Assets

As of December 31, 2010 net assets in the amount \$984,364 were temporarily restricted for the following reasons:

<u>Description</u>	<u>Amount</u>
Alsace Lorraine Project	<u>\$ 984,364</u>
Total	<u>\$ 984,463</u>

As of December 31, 2010 Rapides Station had no permanently restricted net assets.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
December 31, 2010

Note 5 – Related Party Transactions

Rapides Station Community Ministries, Inc. rents a building that is owned by Rapides Station's executive director. In 2010 rent in the amount of \$16,271 was paid to the executive director.

The general contractor contracted for the *Southeast Louisiana Non-profit Rebuilding Pilot* project shares same building with Rapides Station Community Ministries, Inc.

Note 6 – Concentrations of Risk

As of December 31, 2010, funds on deposit with various financial institutions exceeded available Federal Deposit Insurance Coverage by \$550,386.

Note 7 – Notes Payable

Rapides Station Community Ministries, Inc. has an obligation to Region's Bank bearing interest at 5.7%. The loan is payable in monthly installments of \$480.84, including interest, and is unsecured.

Loan maturities for each of the five years following December 31, 2010 are as follows:

2011	\$ 4,619.94
2012	4,890.29
2013	5,176.43
2014	5,479.32
2015	933.02
	<u>21,099.00</u>

Note 8 – Line of Credit

During 2010, Rapides Station Community Ministries, Inc. had an unsecured line of credit in the amount of \$300,000 from Regions Bank. Borrowings under the line of credit bear interest at 4.45% and an interest only payment arrangement. As of December 31, 2010 there was no outstanding balance amount on the line of credit. The line of credit matured on May 6, 2011. As of June 27, 2011 a new line of credit has not been signed. Management is currently negotiating terms for a new line of credit.

Note 9 - Subsequent Events

The management of Rapides Station Community Ministries, Inc. evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 27, 2011, the date which the financial statements were available to be issued.

Rapides Station Community Ministries, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

<u>Schedule of Federal Awards</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditure</u>
Department of Housing and Urban Development			
Indirect Program:			
HOME Program	14.239		\$ 158,556
Community Development Block Grant	14.218		<u>316,179</u>
<i>Total Department of Housing and Urban Development</i>			\$ 474,735
 Department of Education			
Indirect Programs:			
21 st Century	84.287C		<u>\$ 77,714</u>
<i>Total Department of Education</i>			<u>\$ 77,714</u>
 Total Expenditures of Federal Awards			<u>\$ 552,449</u>

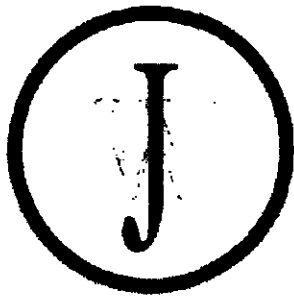
Rapides Station Community Ministries, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Rapides Station Community Ministries, Inc. (Rapides Station) under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Rapides Station, it is not intended to and does not present the financial position, changes in net assets or cash flows of Rapides Station.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.



JONALD J. WALKER III CPA LLC

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Rapides Station Community Ministries, Inc.
Alexandria, Louisiana

I have audited the financial statements of Rapides Station Community Ministries, Inc. (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued my report thereon dated June 27, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Rapides Station Community Ministries, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of Rapides Station Community Ministries, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in 2010-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

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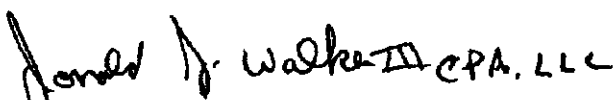
A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in 2010-02 through 2010-04 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rapides Station Community Ministries, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-04.

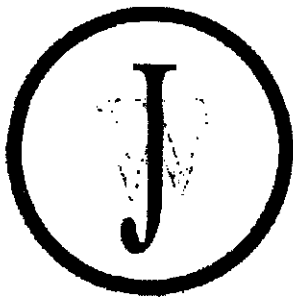
Rapides Station Community Ministries, Inc.'s responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Rapides Station Community Ministries Inc.'s response and, accordingly I do not express an opinion on it.

This report is intended solely for the information and use of the board of directors, management of Rapides Station Community Ministries, Inc., the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.



Donald J. Walker III CPA, LLC

Lake Charles, Louisiana
June 27, 2011



JONALD J. WALKER III CPA LLC

MEMBER OF
AMERICAN INSTITUTE OF
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SOCIETY OF LOUISIANA
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**Independent Auditor's Report on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major Program and on Internal Control
Over
Compliance in Accordance With OMB Circular A-133**

Board of Directors
Rapides Station Community Ministries, Inc.
Alexandria, Louisiana

Compliance

I have audited Rapides Station Community Ministries, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rapides Station Community Ministries, Inc.'s major federal programs for the year ended December 31, 2010. Rapides Station Community Ministries Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Rapides Station Community Ministries, Inc.'s management. My responsibility is to express an opinion on Rapides Station Community Ministries, Inc.'s compliance based on our audit.

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I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rapides Station Community Ministries, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that our audit provides a reasonable basis for our opinion. My audit does not provide a legal determination of Rapides Station Community Ministries, Inc.'s compliance with those requirements.

In my opinion, Rapides Station Community Ministries, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control over Compliance

Management of Rapides Station Community Ministries, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, I considered Rapides Station Community Ministries, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Rapides Station Community Ministries Inc.'s internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies

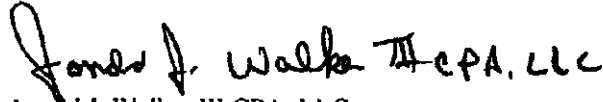
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-01 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-02-2010-03 to be significant deficiencies.

Rapides Station Community Ministries, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Rapides Station Community Ministries, Inc.'s responses and, accordingly, we express no opinion on the responses.

Board of Directors
Rapides Station Community Ministries, Inc.
Page 3 of 3

This report is intended solely for the information and use of Board of Directors, management of Rapides Station Community Ministries, Inc., the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana statutes, this report is distributed by the Louisiana Legislative Auditor as a public document.



Jonard J. Walker III CPA, LLC
Lake Charles, Louisiana
June 27, 2010

Rapides Station Community Ministries, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

A. Summary of Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Rapides Station Community Ministries, Inc.
2. Four control deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. One deficiency is considered a material weakness.
3. No instances of noncompliance material to the financial statements of Rapides Station Community Ministries, Inc. are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements And Internal Control Performed in Accordance with Government Auditing Standards*.
4. Three deficiencies in internal control over major federal award programs disclosed during the audit are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB circular A-133*. These three deficiencies are considered significant deficiencies.
5. The auditor's report on compliance for the federal award program administered by Rapides Station Community Ministries, Inc. expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Section C of this schedule.
7. The programs tested as major programs include:

HUD – CDBG Program

CFDA Number
14.218

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Rapides Station Community Ministries, Inc. does not qualify as a low-risk auditee.

Rapides Station Community Ministries, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

B. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2010-01 Monitoring Procedures

Condition:

Rapides Station Community Ministries, Inc has limited procedures in place to monitor and tract compliance with grant agreement. Purchases for equipment were made from an unauthorized state vendor. Also, travel reimbursements were in excess of state approved policies.

Criteria:

Management has the responsibility to design, implement and monitor the Organization's risk management and internal control environment. Management should maintain adequate procedures to monitor compliance with grant and funding requirements.

Effect:

Possible risk in misstatement within the Organization's financial statements; and no assurance that Organization's assets will be properly safeguarded.

Cause:

Policies regarding grant management are not be properly followed by staff and proper monitoring of these procedures are not being adhered to by management.

Recommendation:

Specify and establish monitoring policies, operating standards, procedures, systems and other disciplines to be used to limit the risks of non-compliance.

Response:

See management's corrective action plan for their response.

2010-02 Receivable, Inventory, Fixed Assets and Payable Subsidiary Ledgers

Condition:

Subsidiary ledgers for accounts receivable, inventory, fixed assets and accounts payable are not maintained and reconciled to the general ledger.

**Rapides Station Community Ministries, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010**

Criteria:

A subsidiary ledger should be maintained and reconciled back to the general ledger on a monthly basis and adjustments made as necessary.

Effect:

Rapides is unable to track its receivable, inventory, fixed assets and payables and report them correctly in their financial statements which may result in material misstatements.

Recommendation:

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

Response:

See management's corrective action plan for their response.

2010-03 Revenue

Condition:

Revenues are not recorded in the proper periods.

Criteria:

Revenues from reimbursable grants should be recorded when expended and all unreimbursed amounts should be recorded as receivable.

Effect:

Rapides does not accurately report its revenues when it fails to account for unreimbursed amounts in the reporting period thus resulting in their financial statements being materially misstated.

Recommendation:

Procedures should be implemented to track grant expenditures and match them against reimbursements to ensure accurately reporting of revenues.

Response:

**Rapides Station Community Ministries, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010**

See management's corrective action plan for their response.

2010-04 Open Meetings

Condition:

Board meetings of Rapides Station Community Ministries, Inc. where decisions were made on the use of public funds were not open to the public.

Criteria:

Entities receiving public funds are required to open their meetings to the public for comments by the Louisiana R.S. 42:1 – 42:13 (the open meetings law).

Effect:

The communities served by Rapides Station were not given an opportunity to comment or deliberate on matters affecting the use of public funds.

Recommendation:

Rapides Station should ensure that it posts notices of its Board meetings in a conspicuous place where they can be viewed by the public.

Response:

See management's corrective action plan for their response.

C. Findings and Questions Costs – Major Federal Award Programs Audit

Department of Housing and Urban Development – Community Development Block Grant
Passed through Louisiana Housing Finance Agency

There were no findings or questioned Costs found for the audit period ended December 31, 2010.

Rapides Station Community Ministries, Inc.
Summary of Prior Year Findings
For the Year Ended December 31, 2010

2009-01 Receivable, Inventory, Fixed Assets and Payable Subsidiary Ledgers

Condition:

Subsidiary ledgers for accounts receivable, inventory, fixed assets and accounts payable are not maintained and reconciled to the general ledger.

Recommendation:

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

Current Status:

Unresolved. See current year finding 2010-02.

2009-02 Notes Payable/ Liabilities Classification

Condition:

Notes payable are being recorded as income when received and expense when paid instead of a liability.

Recommendation:

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

Current Status

Resolved

2009-03 Revenues

Condition:

Revenues are not recorded in the proper periods.

Rapides Station Community Ministries, Inc.
Summary of Prior Year Findings
For the Year Ended December 31, 2010

Recommendation:

There should be education on proper recording for data entry person and implementation of monitoring procedures.

Current Status

Unresolved. See current year finding 2010-03

2009-04 Net Assets

Condition:

Net asset classifications are not recorded properly.

Recommendation:

Journal entries should be recorded and monitoring to see that balances agree. A schedule detailing restrictions should be developed and reconciled to the general ledger.

Current Status

Resolved

2009-05 Monitoring Procedures

Condition:

There are no procedures in place to monitor and track the grants.

Recommendation:

Develop and implement improved procedures for monitoring of compliance and tracking of grant expenses.

Current Status

Unresolved. See current year finding 2010-01

Rapides Station Community Ministries, Inc.
Summary of Prior Year Findings
For the Year Ended December 31, 2010

2009-06 Segregation of Duties

Condition:

Due to the limited number of available personnel, there was a general lack of segregation of duties within several accounting functions.

Recommendation:

Where optimal segregation of duties is not possible due to the limited staffing, management and the board of directors should closely monitor, review, and approve transactions and financial statements.

Current Status

Resolved

2009-07 Timely filing of report

Condition:

Rapides Station did not file its audit report with the Louisiana Legislative Auditor by the last day of the sixth month after year end.

Recommendation:

Rapides Station should implement procedures to retain proper grant documentation and information on compliance with this documentation to ensure that engagement can be completed timely.

Current Status

Resolved

**Rapides Station Community Ministries, Inc.
Management's Corrective Action Plan
For the Year Ended December 31, 2010**

2010-01 Monitoring Procedures

Recommendation:

Specify and establish monitoring policies, operating standards, procedures, systems and other disciplines to be used to limit the risks of non-compliance.

Corrective Action:

Additional training will be provided to staff members to ensure they have knowledge necessary to track and monitor grants compliance. Management will implement procedures to properly monitor grant requirements.

Implementation Date:

July 1, 2011

Contact Information:

Rev. Joseph Green, Executive Director
Rapides Station Community Ministries, Inc.
Alexandria, Louisiana 71306
(318) 487-9254

2010-02 Receivable, Inventory, Fixed Assets and Payable Subsidiary Ledgers

Recommendation:

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

Corrective Action:

Management will work with external accountant to set up and maintain subsidiary ledgers to track receivable, inventory, fixed assets, and payables.

Implementation Date:

July 1, 2011

Contact Information:

Rev. Joseph Green, Executive Director
Rapides Station Community Ministries, Inc.
Alexandria, Louisiana 71306

Rapides Station Community Ministries, Inc.
Management's Corrective Action Plan
For the Year Ended December 31, 2010

(318) 487-9254

2010-03 Revenue

Recommendation:

Procedures should be implemented to track grant expenditures and match them against reimbursements to ensure accurately reporting of revenues.

Corrective Action:

Management will keep track of grant reimbursements against requests to ensure that receipt of refunds and outstanding amounts are accurately reported.

Implementation Date:

July 1, 2011

Contact Information:

Rev. Joseph Green, Executive Director
Rapides Station Community Ministries, Inc.
Alexandria, Louisiana 71306
(318) 487-9254

2010-4 Open Meetings

Recommendation:

Rapides Station should ensure that it posts notices of its Board meetings in a conspicuous place where they can be viewed by the public.

Corrective Action:

Management will ensure that schedules of all Board meetings and agendas will be made available to the public.

Implementation Date:

July 1, 2011

Contact Information:

Rev. Joseph Green, Executive Director
Rapides Station Community Ministries, Inc.
Alexandria, Louisiana 71306
(318) 487-9254